

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-105

October 10, 2003

CONSUMERS MAINE WATER -
Freeport Division
Proposed Rate Increase
(25.65% Increase in Revenue)

ORDER APPROVING
STIPULATION FOR STEP
TWO RATE INCREASE

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

We allow the Step Two rate increase for Consumers Maine Water Company – Freeport Division (Consumers), as agreed to by the Office of the Public Advocate, Town of Freeport, the Freeport Water District and Consumers, to take effect for service provided effective with the date of this Order, as reflected in the Stipulation Agreement dated October 2, 2003.

II. PROCEDURAL HISTORY

On February 14, 2003, Consumers, pursuant to section 307 of Title 35-A of the Maine Revised Statutes, filed a proposed rate increase for its Freeport Division of 25.65% or \$139,768 of additional revenue. Consumers requested the increase in two steps: Step One: 9.27% or \$50,536 and Step Two 16.37% or \$89,232. Step Two would go into effect once the second Webster Road well goes into service in the summer of 2003. The Office of the Public Advocate (OPA), the Town of Freeport and the Freeport Water District intervened in the case.

On June 3, 2003, the Commission approved a stipulation agreed to by all parties resolving Step One in this case. Additional technical conferences, both in person and by telephone, were held to provide additional details regarding Step Two of the proposed rate increase and specifics on the Webster Street Well. On September 12, 2003, the Commission scheduled a hearing for September 30, 2003 to address specific areas of the Step Two rate increase that the parties were not able to settle upon. Prior to the September 30 hearing date, Consumers notified the Commission that the Parties were close to reaching a settlement and that the hearing would not be necessary.

On October 2, 2003, Consumers filed a Stipulation Agreement agreed to by all parties settling the outstanding issues in Step Two of this case.

III. STIPULATION

The Stipulation provides for annual operating revenues of \$654,995, an increase of \$70,000, or 12%, over the Step One revenue requirement of \$584,995, and an

allowed rate base of \$1,923,032. Rate base associated with the new well for ratemaking purposes is \$360,000. Any costs associated with the new 2003 well project exceeding \$360,000 will be recorded as a regulatory asset and amortized as an operating expense over a period not to exceed 10 years. The parties agreed that recovery of the regulatory asset would be limited to that which is included in the Stipulation.

The capital structure and cost of capital included in the Stipulation is as filed by the Company based upon December 31, 2001 actual figures as presented on Exhibit CMW-18.00. The rate increase will be allocated pro rate across all metered and fire protection classes. The Stipulation provides that rates will be effective on the day of the Commission Order approving the Stipulation, but no later than October 15, 2003.

The Stipulation provides that Consumers will submit to the Commission and to the OPA a detail of actual rate case expenses associated with this proceeding once final costs are known.

IV. DISCUSSION

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to law. *See, e.g., Consumers Maine Water Company, Proposed General Rate Increase of Bucksport and Hartland Divisions*, Docket No. 96-739 (July 3, 1997) at 2. The Public Advocate represents the using and consuming public, in this case the customers of the Freeport Division. In addition, both the Town of Freeport and the Freeport Water District were parties to the case. The process of discovery, the technical conference and the informal conference calls allowed an opportunity for all interested persons to gather information about the reasons for the increase.

We believe that the process was fair; all interested parties had an opportunity to participate. We find that the proposed Stipulation resolves this case consistent with the law and the public interest. The Stipulation as filed results in rates that are just and reasonable and in the best interest of ratepayers. It also reduces the risk of increased costs if the case were fully litigated.

V. CONCLUSION

We approve the Stipulation filed by the parties in this case for rates to be effective on the date of this order or no later than October 15, 2003. We also determine that the accounting proposed by the Stipulation is reasonable and is approved as part of this order

ORDER

1. That the Stipulation filed on October 2, 2003, is approved; and
2. That the Freeport Division Rate Schedules, Pages 1 through 4, Fifth Revision, filed on October 2, 2003, are approved for effect as of the date of this Order.

Dated at Augusta, Maine, this 10th day of October, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.